



# **Department of Justice**

---

## **OPENING STATEMENT FOR THE RECORD OF**

**John F. Walsh  
United States Attorney  
District of Colorado**

## **BEFORE THE**

**Committee on Oversight & Government Reform  
Subcommittee on Government Operations  
UNITED STATES HOUSE OF REPRESENTATIVES**

## **FOR A HEARING Examining**

**THE DEPARTMENT OF JUSTICE'S STRATEGY  
TO ENFORCE AND PROSECUTE CERTAIN MARIJUANA RELATED CRIMES**

## **PRESENTED ON**

**March 4, 2014**

**Opening Statement of John F. Walsh  
United States Attorney, District of Colorado  
United States Department of Justice**

**Before the Committee on Oversight & Government Reform  
Subcommittee on Government Operations**

**THE DEPARTMENT OF JUSTICE'S STRATEGY  
TO ENFORCE AND PROSECUTE CERTAIN MARIJUANA RELATED  
CRIMES**

**March 4, 2014**

Good morning Chairman Mica, Ranking Member Connolly, and distinguished Members of the Committee. On behalf of Attorney General Eric H. Holder, Jr. and my colleagues at the United States Department of Justice, I appreciate your invitation to testify today. My testimony today will focus on our marijuana enforcement efforts and the guidance that the Department has issued to all United States Attorneys regarding these efforts. I also appreciate the opportunity to discuss our efforts in Colorado to ensure that federal, state and local law enforcement work together effectively to protect public safety in the new marijuana enforcement environment created by the voters of Colorado when they voted to legalize recreational use of marijuana under Colorado state law. And it's an honor to be here with Deputy Administrator Harrigan of the DEA, and to represent the dedicated U.S. Attorneys and Assistant U.S. Attorneys around the country who are addressing this issue on the ground.

As you know, the relevant federal statute, the Controlled Substances Act of 1970 (CSA), among other prohibitions, makes it a federal crime to possess, grow, or distribute marijuana, and to open, rent, or maintain a place of business for any of these purposes. Financial transactions involving proceeds generated by marijuana-related conduct can also form the basis for federal prosecution under money laundering statutes, the unlicensed money remitter statute, and the Bank Secrecy Act (BSA).

Starting with California in 1996, several states have authorized the cultivation, distribution, possession, and use of marijuana for medical purposes, under state law. My home state, Colorado, first authorized the use of marijuana for medical purposes fourteen years ago, in 2000. And in 2012, voters in Colorado approved state constitutional changes legalizing recreational marijuana under state law and establishing state regulatory systems for recreational marijuana.

Federal law enforcement has always targeted sophisticated drug traffickers and organizations, while state and local authorities generally have focused their enforcement efforts, under their state laws, on more localized drug activity. The Department of Justice has continued to work with its state and local partners during this time period. At this point, more than ever, I can't understate the importance of

strong partnerships and coordination between federal and state and local law enforcement. For that reason, we in federal law enforcement in Colorado and Washington are working hard with our state and local enforcement partners to ensure that our efforts are mutually supportive. For the overall regulation of marijuana to be effective and public safety to be protected, state, local and federal law enforcement need to cooperate and work together. That's the message I have sent all around Colorado, and will continue to send – and to work to make a reality on the ground.

Upon the issuance of Department's marijuana enforcement guidance on August 29, 2013, the Attorney General advised the Governors of Colorado and Washington that the Department expected their states to implement strong and effective regulatory and enforcement systems to fully protect against the public health and safety harms that are the focus of our marijuana enforcement priorities, and that the Department would continue to investigate and prosecute cases in which the underlying conduct implicated our federal interests.

Using our prosecutorial discretion, my office has historically devoted efforts and resources on cases involving these eight federal enforcement priorities and will continue to do so in the future. For example, we have targeted enforcement actions against marijuana businesses and residential grow sites near schools. My office

warned dozens of these businesses through a letter campaign that their actions violated federal law. These letters notified the owners of the property that these businesses violated federal law and gave each business an opportunity to close or relocate. Every business that received a letter closed or relocated voluntarily. In one criminal action, a defendant was convicted in 2011 for creating a residential grow house of over 200 marijuana plants within 1000 feet of a public elementary school. We also continue to actively investigate and prosecute cases involving international smuggling and interstate shipment of marijuana, marijuana grows where firearms and violence are involved, marijuana grows on public lands, and cases with potential organized crime involvement in marijuana businesses. Consistent with the guidance we have received from the office, the U.S. Attorney's Office in Colorado does not focus its finite resources to prosecute individuals whose conduct is limited to possession of marijuana for personal use on private property.

In addition, in February 2014, the Department issued guidance to all federal prosecutors regarding marijuana-related financial crimes. That guidance seeks to mitigate the public safety concerns created by high-volume cash-based businesses without access to banking and the financial system, while at the same time ensuring that criminal organizations, gangs and drug cartels do not have access to

the financial system to launder criminal proceeds. The guidance states clearly that the provisions of the money laundering statutes, the unlicensed money remitter statute, and the Bank Secrecy Act (BSA) remain in effect with respect to marijuana-related conduct. The guidance advises federal prosecutors to assess marijuana financial crimes under the eight federal enforcement priorities laid out in the August 29th memorandum. The Department expects financial institutions to continue to apply appropriate risk-based anti-money laundering policies, procedures, and controls sufficient to address the risks posed by these customers. This includes conducting customer due diligence consistent with any guidance issued by FinCEN.

In Colorado, the U.S. Attorney's Office and the Drug Enforcement Administration work closely to protect the health and safety of every citizen. I want to take this moment to thank the federal prosecutors, very much including those in Colorado, but also including the many U.S. Attorneys and their staffs in states that have legalized marijuana in some manner, along with Drug Enforcement Administration agents, and our state and local partners for their dedicated work in protecting our communities in this rapidly evolving and challenging area. With our collective effort, we can succeed in implementing strong and effective regulatory and enforcement systems in practice.